

**ISSUING AUTHORITY REPORT**

**PUBLIC STATEMENT**

**FOR REASONS TO GRANT OR DENY**

**THE PROPOSED CATV LICENSE RENEWAL**

**BY**

**SHREWSBURY'S ELECTRIC LIGHT PLANT**

**BOARD OF SELECTMEN**  
**March 10, 2003**

## **1.0 Introduction**

Statutory and regulatory processes control the issuance and renewal of a CATV license by the Town's Issuing Authority. The forgoing asserts and confirms that in the opinion of the Issuing Authority in the CATV license renewal process undertaken between the Licensee, Shrewsbury's Electric Light Plant, and the Issuing Authority, Board of Selectmen, Town of Shrewsbury, complies with the governing regulations inclusive, M.G.L. c.164A sec. 4, 47 U.S.C. sec. 546, 207CMR 3.05, 3.06, 3.07, and hearing notification 207CMR 3.02.

## **2.0 Procedural History**

December 23, 2002	Licensee filed proposal for CATV license renewal with the Issuing Authority. The filing was accompanied by a check for \$100.00 as a filing fee.
January 13, 2002	<p>Licensee made a presentation at a meeting of the Issuing Authority, Board of Selectmen, Town of Shrewsbury.</p> <p>The Issuing Authority set a required public hearing for February 24, 2003, 7:00PM, Selectmen's Room, Town Hall.</p> <p>The Licensee mailed a copy of "Proposal for CATV License Renewal" to the Department of Telecommunications and Energy (DTE), Boston, Massachusetts.</p>
January 14, 2003	<p>The Licensee made the "Proposal for CATV License Renewal" document available at Shrewsbury's Town Clerk's Office, Shrewsbury's Public Library, the Licensee's administrative offices, and posted it on the Town's web site.</p> <p>The Licensee posted notice of the public hearing on the character generated channels 26 and 15, used for advertisements and community events on Shrewsbury's Community Cablevision's system.</p>
February 3, 2002 & February 10, 2003	Notice of Public Hearing for CATV License Renewal appeared in the local newspaper, Worcester Telegram.
February 24, 2003	The Public Hearing before the Issuing Authority – Board of Selectmen, Town of Shrewsbury.
March 10, 2003	Vote by the Issuing Authority to approve renewal of the CATV License.

### 3.0 Criteria for Renewal Grant or Denial

The Issuing Authority considered criteria set forth in 47 U.S.C. sec. 546 (c) (1) (A) through (D) in its deliberation and decision on the CATV License Renewal request by Shrewsbury's Electric Light Plant, the current Licensee.

A. Has the cable operator substantially complied with the material terms of the existing franchise and applicable law?

- SCC has met or exceeded its obligation under the existing License Agreement.
- SCC has made timely franchise fee payments in excess of the minimum set for in the License. The franchise fee plus additional payments in support of public access exceeds 10% of cable revenue.
- The License contemplated the need to upgrade the cable system during the term of the License. SCC completed an entire system rebuild based upon a 870Mhz HFC plant designed and continues to make service available to 100% of the homes and businesses in Shrewsbury.
- Following the rebuild, SCC offered Digital programming services, enhanced pay per view services, and broadband Internet access. Recently, HDTV and PVR services were introduced.
- SCC activated two new Public Access channels, bringing the total number to three PEG channels now available on the Basic cable package.
- SCC rates for services are significantly less than rates of other regional cable operators.
- SCC has upgraded the Institutional Network to meet the growing needs of Town government including schools.
- SCC continues to allow the Issuing Authority the right to approve/disapprove proposed CATV rate adjustments.

B. Has the quality of the operator's service including signal quality, response to consumer complaints, billing practices, but without regards to the mix or quality of cable services or other services provided over the system, been reasonable in light of the community's needs?

- SCC commissioned an independent customer service satisfaction survey conducted by the Center for Public Policy. The survey concluded that 86.2% of the customers gave SCC an overall positive rating and an impressive 98.7% of customers were satisfied with work done by field representatives.
- The Issuing Authority, using its own standards of customer satisfaction, namely a measure of complaints made to the Town Manager or Selectmen regarding the operations, reliability and service, concluded there were virtually no complaints filed during the ten-year term of the Franchise Agreement.
- The Issuing Authority lacks technical expertise to review and analyze signal quality reports however SCC stated that they have complied with FCC standards and they do routine testing and reporting on signal levels. The Issuing Authority has not received any reports of poor signal quality.
- SCC maintains service personnel necessary to provide same-day service for subscriber requested services. They also maintain an answering service for off-hour calls and have technical personnel on call to respond to major outages, should they occur.

C. Does the operator have the financial, legal, and technical ability to provide the services, facilities, and equipment as set forth in the operator's proposal?

- The Licensee, Shrewsbury's Electric Light Plant (SELP), statutory authority to operate a CATV system is well established by M.G.L. c. 164 sec. 34. SELP has held the franchise since the initial license was granted in 1983.

- SCC reports its financial position annually to the Town and the Issuing Authority. The very strong financial position and positive cash flow is supported with Basic Service penetration rate of 83% and broadband Internet at over 30%. These high and consistent revenue streams are more than sufficient to support the outstanding debt of \$4.4M and other operating expenses.
- SCC demonstrated its technical and administrative abilities by virtue of the complete system rebuild being completed under budget. Actual financial operating results exceed projection made in the system upgrade business plan presented to the Town in 1998. SCC has the technical ability to maintain its own Internet Service Provider (ISP) Headend, Digital Headend, and in-house network administrator and CATV engineers.
- SCC was the first CATV system in Massachusetts to launch HDTV services.

D. Is the operator's proposal reasonable to meet the future cable related community needs and interest taking into account the cost to meet such need and interest?

- SCC has demonstrated, during the past two ten year franchise terms, that it can meet the needs of the community. This is demonstrated by the system upgrade to current technology, HFC 870 Mhz system upgrade, ever increasing channel line-up in response to subscriber request, and the new and innovative services including Digital, PPV, Broadband Internet, HDTV, and PVR services. SCC is currently studying the economic viability of Video On Demand (VOD) services.
- SCC has provided leadership in the design, management, and administration of the Town-wide fiber optic Institutional Network used by the Town, schools, and other departments for voice, data, video, and internet services.

- SCC voluntarily provided free Internet access to the Town departments and schools.
- SCC has an excellent working relationship with the Issuing Authority, Town Manager, Schools, and Police and Fire departments.
- SCC allows the use of its fiber optics plant for radio repeaters for the Police and Fire Departments.
- In conclusion, SCC is well suited to meet the ongoing and growing communication system needs of the community.

Other considerations,

- At the public hearing, a Shrewsbury Media Connection (SMC) Board expressed a desire for additional staffing to be provided by SCC for PEG functions. SCC provides funding for salaries and benefits of three full-time PEG employees, in addition to the 3% of CATV revenue for public access. Considering the current funding for PEG access and the potential impact on rates of additional funding and the fact that the Franchise fee contribution exceeds the 5% franchise fee maximum, the Issuing Authority determined that it is not prudent to request additional funding for PEG access from SCC.
- SMC also requested additional reservation of Digital channel capacity for PEG use. SCC expressed willingness to maintain an ongoing dialogue with SMC on public access needs and consideration of PEG use of a VOD. The Issuing Authority sees no need at this time to mandate additional channel capacity beyond the current three channels.
- The existing CATV License provides for free access to three PEG channels for non-CATV subscribers. An installation fee applies.

The Licensee's proposal eliminates these free PEG channels to non-CATV subscribers. The Licensee stated that it did not appear fair that CATV subscribers were paying for the cost of PEG access while others were receiving the service free of charge.

At the public hearing and subsequent written and oral comments, the Issuing Authority received public support to continue the free access to PEG channels by non-CATV subscribers.

The Issuing Authority discussed the equity of continuing free PEG channels to non-CATV subscribers in context of the original 1983 License.

The Licensee provided documentation of the annual cost for PEG channels on a per subscriber basis.

With the acquiescence of the Licensee, the CATV License Renewal Proposal was amended to include the availability of PEG channels to non-CATV subscribers at an annual cost, for the first year, of \$31.80 for non-CATV subscribers. So voted by the Issuing Authority.

## **CONCLUSION AND RECOMMENDATIONS**

SCC's overall performance has met or exceeded the standard set forth in the existing Franchise.

SCC is well suited to continue with the ongoing operation of the CATV system in Shrewsbury. SCC has provided technical leadership to provide advanced and enhanced services and is very likely to continue to do so in the future, at rates significantly less than other cable companies.

Communication between SCC and the Issuing Authority and other Town Departments has been excellent.

In light of the above, it is recommended by the Issuing Authority to grant a CATV License Renewal to Shrewsbury's Electric Light Plant with Shrewsbury's Community Cablevision as system operator for a ten-year period from March 28, 2003 to March 28, 2013.